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Rand
SANTA MONICA, CA. 90406

ARTHUR J. ALEXANDER

Associate Head

8 September 1983

1) sent draft to

STAT
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See comment.

- he has none

2) sent draft to

STAT
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Mr. David Gries
National Intelligence Council
Central Intelligence Agency
Washington, DC 20520

Dear David:

Enclosed is a Rand Working Draft, *Barriers to U.S. Service Trade in Japan: The Legal Profession*. Section I identifies the legal and regulatory impediments to the practice of law by Americans in Japan. It also highlights the importance of interpretations of the law by different parties. The next section tries to look behind the barriers by examining two hypotheses: (1) the law profession is trying to protect high monopoly incomes; and (2) they are trying to preserve a unique legal culture. We demonstrate that lawyers have very high incomes (see particularly Tables 4 and 5), and that the Japanese legal culture has been largely the product of administrative regulation by the governing elite. The final section of the paper reviews some of the policy approaches that may prove effective.

The short industry summaries that we had intended to send to you have been relentlessly expanding to the point where they are becoming full-sized reports. Case studies on accounting and insurance are in process and should reach your office in the next two weeks. Others will be following.

Preparing these drafts has helped us identify holes in the research, which we will be filling by a second trip to Tokyo in November. Depending on the need, we might also visit New York, particularly to talk to banking and securities people.

With the individual case studies in hand, we will be able to prepare a summary report that cuts across the several industries. Right now, we are too enmeshed in industry details to be able to generalize very clearly.

David Gries

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8 September 1983

If you or your colleagues have any comments on this or subsequent drafts, please let me know so that we can incorporate responses into future revisions.

Best regards,



Arthur J. Alexander

AJA:dg

Enclosure: One (1) copy of WDL-1991, Barriers to U.S. Service Trade in Japan: The legal Profession.